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MARKETING THE STEPHENS BRAKE SHOE¹

A. The Stephens Brake Shoe

R. Stephens Company of Chicago, affiliated with R. Stephens & Sons of London and Paris, manufactures an adjustable brake shoe for Ford cars. This brake shoe is the invention of Mr. Richard Stephens of London, England, designer of the original Stephens motor car. It is made of tee section steel, fitted with heavy asbestos lining and equipped with a valuable patent adjustment. The manufacturers believe that such a brake is needed because of their conviction that the standard Ford emergency brake, which is made of light cast iron, breaks easily, cannot fit a worn drum, and if used regularly or on hills will require frequent replacement.

Several lined brakes have been produced to take the place of the Ford brake; they have been made of cast iron, malleable iron, flat steel, channel steel, and even tee steel, and some have met with a measure of success. The chief differences between these brakes and the Stephens brake are quality, design, and price. The Ford brake sells for 70 cents a set and other brakes mentioned for from \$1.25 to \$3.50 per set. The Stephens brake is sold for \$5.50 per set. This results in some sales resistance, for the Ford owner is in the habit of buying his accessories and parts at a low price.

The intrinsic and practical qualities of the Stephens brake have made an appeal to many observers. In England, where the brake has been on the market for several years, the task of marketing has met with distinct success. This success in a country where there are only 300,000 Ford cars led the Stephens Company to believe that it would be comparatively easy to market the brake with much greater profit in the United States where more than 5,000,000 Ford cars have been produced and where approximately 1,000,000 new Fords are manufactured each year. The chief problem, and the one discussed herein, was the selection of the channel through which the marketing should be done.

¹ The publication of this case is possible because of the generous co-operation of Mr. Percy W. Stephens, president of R. Stephens Company.

B. Attempting to Sell the Ford Motor Company

The first selling effort was an attempt to sell the Ford Motor Company direct. A representative of the R. Stephens Company called upon the manager of the Purchasing Department of the Ford Motor Company and proposed three plans: that the patent be sold outright, that the device be manufactured by the Ford Company and used under a royalty, or that the Stephens Company manufacture the device and sell it to the Ford Company at a small profit per set.

The Purchasing Department expressed an interest in the brake and a set was left for trial. Two months later the Stephens representative called and the brakes were taken off the test car. He reported to his company that, although the operation of the brakes was declared perfect, no selling arrangements could be made because the adoption of the new brake would increase the cost of the Ford car without increasing sales, involve a change in tools which would slow up production, and necessitate the scrapping of the quantity of cast iron brake shoes then on hand.

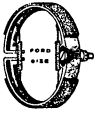
C. Attempting to Sell the Jobber

The next effort was an attempt to sell the jobber of automotive products. The leading jobbers and manufacturers of automotive products in the United States and Canada are organized as the Automotive Equipment Association with headquarters in Chicago. They pride themselves on being the "legitimate" channels for the marketing of automotive products. There are some 500 members in the Association, and about 450 additional recognized jobbers who are not members. Combined they have about 6,000 salesmen. It is evident that the jobbers constitute a powerful sales group.

Representatives of the A.E.A. gave several reasons why the new brake shoe should be sold through this channel of distribution: (1) the size of the association, (2) the fact that fewer salesmen are necessary to sell jobbers than to sell dealers, (3) the possibilities of the Accessory Show held in Chicago each year under the auspices of the A.E.A. for jobbers only, and (4) the fact that most dealers are in the habit of buying from their own jobber. The Company had already been warned that eliminating the jobber would create opposition to their product, would result in its being boycotted, and would produce considerable sales resistance because of the reluctance of the dealer to purchase from a new house. It was further suggested to the R. Stephens Company that if the new product was not sold through

EXHIBIT A
LETTER TO JOBBERS

PERCY W. STEPHENS, PRESIDENT
RICHARD STEPHENS 1st VICE PRES



STEPHENS ADJUSTABLE BRAKE SHOE
"The Brake that Grips the Earth"
Gives 100% Wear & 100% Power Always

EUROPEAN WORKS: UPPER NORWOOD, LONDON
CABLES: AJBRKSHU CHICAGO - AJBRKSHU LONDON
A. B. C. WESTERN UNION AND A1 CODES

R. STEPHENS CO.
AUTOMOTIVE SPECIALTIES
26 TO 28 N. CLINTON STREET
CHICAGO

R. J. STEPHENS, 2ND VICE PRES
A. E. STEPHENS, SEC. TREAS



STEPHENS AUTOMATIC GASIGNAL
A Positive Warning When You Read Gas
Easily Fitted - Automatic - Inexpensive

OVER A QUARTER CENTURY AUTOMOBILE EXPERIENCE IS BEHIND EVERY STEPHENS AUTOMOTIVE SPECIALTY

12-30-21.

Gentlemen:-

Brown Bros., London, England, E. J. Cook, Jaffa, Palestine and Murray Bros., Johannesburg, South Africa, say; "STEPHENS ADJUSTABLE STEEL BRAKE SHOE was our best seller in 1921 as it was in 1920." Thousands of distributors the world over say the same.

We have just organized the above Company to market our Specialties in the States and shall sell thru approved trade channels. Attractive and convincing literature is now being printed and as soon as distribution is planned, National Advertising will start.

To get the full benefit of this Advertising you should list STEPHENS ADJUSTABLE BRAKE SHOE and STEPHENS AUTOMATIC GASIGNAL in your 1922 Catalog. We will furnish cuts free with an order for a sample set, if you will tell us the size cuts you need.

STEPHENS ADJUSTABLE BRAKE SHOE is made of steel, fitted with extra heavy wire-woven asbestos lining made especially for us. The adjustment is fully covered by combination patents which we control in addition to our own World Patents. The Shoe sells well in England for \$11.00 but is listed here at \$7.50. Quality, Durability and 100% Efficiency all the time make it an easy seller. In one territory where there are 200,000 Fords, the sales to Dec. 1st this year were over 50,000 Shoes. It sells itself because it is perfect in theory and practice and is well made.

STEPHENS AUTOMATIC GASIGNAL is another winner. It warns the driver his gas is low by gradually cutting down the supply at the 10 mile limit. Open GASIGNAL and Lizzie is good for another ten. No floats or delicate mechanism. Listed at \$3.25.

If you prefer, write us giving full information on your requirements. Otherwise mail at once the enclosed card and have cuts in time for your new Catalog.

Discounts for Distributors

Off single sets - 25%
" dozen " - 33-1/3%
" hundred " - 50%
Plus 5% C.O.D. or 2 1/2% ten days



THE STEPHENS MOTOR CAR
DESIGNED & BUILT BY US 1921

Yours with "The Line of Least Resistance"
and a Prosperous 1922
R. STEPHENS CO.
R. W. Stephens
President.

MOTOR AGE SAYS

"Stephens Adjustable Brake Shoe is the outcome of extensive development. It is well constructed. It accomodates worn drums."

the jobber, its success was doubtful and that the Company would eventually attempt to sell its product through jobbers. They could not, however, expect to find the jobbing trade as friendly as though the product were put out through it in the first instance. It was decided, therefore, to adopt the jobber as a marketing channel.

The first effort to reach the jobber was through the mails. A filled-in form letter in two colors was addressed to every jobber in the United States and Canada (see Exhibit A, p. 97). In it the Company used the success of large European jobbers with its products as a selling argument and offered to send samples at the full jobbers' discount. Cuts for jobber catalogues were also offered. A stamped return card was inclosed, but only two were returned, one from the South saying "not interested," another from the East saying "We do not need cut or samples."

Personal solicitation was next tried but with equally poor results. The leading jobbers of the Middle West were visited, but only one was interested. This jobber asked to have a representative of the Stephens Company address his salesmen who were about to meet in Chicago for their annual convention. It was understood that if these men could be sufficiently interested in selling the product this jobber would take on the line. Following the talk the men not only expressed genuine interest, but one man bought a set of brakes for his own car. Notwithstanding their interest, they were unwilling to attempt to sell the brake shoe.

The reasons why the jobber's salesmen did not wish to handle the brake shoe appeared to the Company to be the following: jobbers' salesmen are not specialty salesmen. They are order takers. They handle items which the dealer calls for, but they do not carry samples, nor will they do the pioneer work necessary to establish a new product. They, therefore, do their best work in disposing of a product which has already been established or in selling one which is being introduced with a national advertising campaign.

D. Attempting to Sell the Dealer

The dealer was next considered as the immediate market for the Stephens brake shoe.

The authorized Ford dealer seemed a logical man to handle parts for Ford cars, but the Ford contract "suggests" that the Ford dealer shall not handle products which displace genuine Ford parts. Such products are called "spurious" and the penalty for handling them may be the loss of the agency. In addition, the Ford contract obligates the dealer to carry in stock a given number of Ford parts. This quota is big enough to require considerable attention from the dealer and adds to his reluctance to take on "spurious" parts even though they may show him greater profit. To be sure, a few Ford dealers will sell "spurious" parts which have special merit but it appeared difficult to get any satisfactory volume of sales through the authorized Ford dealer.

To the Company independent dealers appeared to present other difficulties. Many of them are poor pay. All of them are in the habit of buying from their jobber. It, therefore, takes time to gain their confidence and get them to open a new account. Selling the dealer involves a large sales force, a big credit risk, and a mass of office work. For these reasons, it was decided it was not the method for the new organization.

E. Attempting to Sell the Ford Owner Direct

The next effort was to sell the Ford owner by mail, C.O.D.

Instead of buying mailing lists from publishers at a price ranging from \$2.50 to \$6.00 per thousand names according to the state, a form letter was addressed to the secretary of state of each state in the Union, asking his price for a list of cars registered there. New Hampshire and Nevada furnished their lists free, other states made a charge ranging from \$.50 to \$25.00 for the complete list, and in some states where the law does not require the printing of such a list reference was given to a stenographer or clerk who would prepare a list for a nominal sum. These lists gave the name and address of the car owner, the make of car registered, its age and horse-power.

A mailing folder was prepared (see Exhibit B) containing a guaranty that if the brake shoes were not entirely satisfactory the full purchase price would be refunded and a new set of standard type Ford car brake shoes furnished free. A test was made in eastern territory by sending out a few thousand of these folders with unstamped return cards (see Exhibit C). These cards announced special introductory prices. One set of brake shoes in combination with another of the Company's products, known as Gasignal, were offered in a single carton for \$7.00 (regular price \$10.50). The brake shoes alone were offered at \$5.50 (regular price \$7.50), and Gasignal alone at \$1.95 (regular price \$3.50). One card was returned, the only assurance that any folders had been delivered! This card brought an order—an order for one Gasignal at the reduced price of \$1.95 delivered. It was mailed, but a few days later the post-office gave information that the package had been refused by the consignee. The Stephens Company, knowing that follow-up has saved many a mail campaign, mailed a second folder. To this there was not a single response. The test was disappointing, but was considered a sufficient indication of the futility of trying to market the product through the mails under the conditions which existed in 1921.

EXHIBIT B

OUTSIDE OF MAILING FOLDER TO FORD OWNERS

"50% MORE LIFE TO TRANSMISSION—BACK AXLE—REAR TIRES"

Is just one of the benefits Ford Owners say they get by using
Stephens Adjustable Brake Shoes

READ WHAT OWNERS SAY—THOUSANDS MORE LIKE THEM ALL OVER THE WORLD

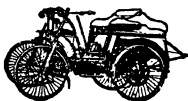
SCOTLAND "Specially tested every day and works splendidly."— Dr. Gerard Abernethy	JAMAICA "Your brake is perfect. I have just a set on my second Ford."— Rev. W. Jones Kingston	TRANSVAAL "Cable order is received. I have 100 more sets on order. Adjustable Brake Shoes."— H. M. Bulthuis Johannesburg	AUSTRALIA "With a recent order: 'I like your adjustable Brake Shoes.'"— R. M. Bulthuis Sydney	SPAIN "In Espana they are giving entire satisfaction."— J. James Vigo	ENGLAND "The best brake on the market by a long way."— United Yeast Co. Bristol	NEW YORK "Quickly a set for stand by in emergency."— F. Pugh Brooklyn	AFRICA "A real brake for service at any emergency."— "The Star." Johannesburg	PALESTINE "Work 50 more sets—they are needed badly."— E. H. Cook Jaffa	FRANCE "Perfect in principle and operation—indispensable."— A. Paris near Paris
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SOLD IN ALMOST EVERY COUNTRY—WORLD PATENTS SECURED

THE AUTOCAR says: "An extremely ingenious and interesting brake shoe. When worn, the shoes can instantly be brought back to original adjustment. This results in longer life for lining and leaves the brake cam at angle of greatest power. Another advantage is a pair of new shoes can be fitted and adjusted perfectly in a worn drum."

THREE of our GREAT CONTRIBUTIONS to the AUTOMOBILE INDUSTRY

FIRST
STEPHENS MOTOR CAR
Built at our European Works—1897



Twin cylinders, tube ignition; belt drive; three point suspension. Now on exhibition in London.

STEPHENS
ADJUSTABLE BRAKE SHOE
"The Brake that Grips the Earth"



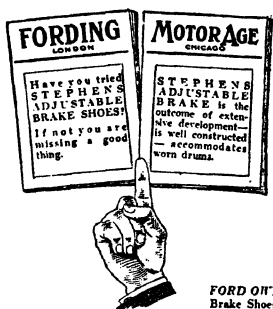
Universally used on The Universal Car

STEPHENS
AUTOMATIC GASIGNAL
Simple—Easy to Fit—Inexpensive



Warns when gas is low—Saves reserve supply of gas for 10 miles after giving warning

STEPHENS ADJUSTABLE BRAKE SHOE is on permanent exhibition, Science Dept., S. Kensington Museum, London—a striking proof of its originality and value.



1c. Paid
Chicago, Ill.
Permit No. 2234

FORD OWNER AND DEALER for February, 1922, says:—"Stephens Adjustable Brake Shoes compensate for wear of either the brake lining or the brake drums."

F. Selling the Distributor

The foregoing experiences indicated to the Company that specialty selling would be necessary with such a new automotive device. It was, therefore, decided to appoint distributors in various parts of the

EXHIBIT B

INSIDE OF MAILING FOLDER TO FORD OWNERS

AT OUR EXPENSE PUT STEPHENS ADJUSTABLE BRAKE SHOES ON YOUR FORD

READ THIS

You Gain These ADVANTAGES

- 1—Stops Car Quickly and Smoothly — eliminates that "chatter."
- 2—"Cuts Your Repair Bill in Half by saving transmission, differential and tires" say the users.
- 3—Extra-heavy Lining made of asbestos, double wire-woven —the best money can buy.
- 4—Patent Adjustment wears lining to shaving thickness all around—keeps operating cam at point of greatest leverage—gives 100% power and 100% wear always.
- 5—Easy Adjustment — no more dirty hands or soiled clothes crawling under car "to shorten brake rods."
- 6—Fits Worn Drums like new—the only brake that will.
- 7—A Permanent Brake — being made of rolled steel it lasts as long as your car.
- 8—Safety First, Last, Always. Expensive cars have two good brakes—don't risk your life on one — it may fail in an emergency.

Guarantee

To Every FORD OWNER We Say—Put STEPHENS ADJUSTABLE BRAKE SHOES on your Ford. If you are not entirely satisfied with results return them to us within fourteen days after arrival and we will refund your full purchase price and send you one set of original type Ford Car Brake Shoes FREE.

R. STEPHENS CO.
By *R. Stephens* President

GOOD BRAKES ARE YOUR CHEAPEST INSURANCE

One accident may cost you ten times as much

ORDER YOUR SET TODAY
Easy to Fit—No Changes Necessary
If Not Satisfied It Costs You Nothing

\$7⁵⁰
POST PAID IN U. S. A.

If Your Dealer Cannot Supply You We Will.

SEND NO MONEY

Simply send us a postal card or letter giving us the name of your dealer and the license number of your car, and ask us to send you a set of Stephens Adjustable Brake Shoes, C. O. D. We will mail you a set, on the special terms of our guarantee, postage prepaid. When your mailman delivers package you pay him \$7 50. The price of GASIGNAL is \$3.50. We will send either separately at these prices or the two in one package for \$10.50.

REFERENCES
Continental and Commercial National Bank, Chicago;
London and Westminster Bank, Newwood, London.

R. STEPHENS CO.
Department F
28 N. Clinton St., Chicago

YOUR CAR DESERVES THE BEST BRAKES—ORDER A SET TODAY

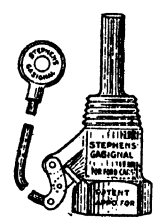
country. With this method of distribution it was planned to deal with only about 150 distributors for the entire United States and Canada.

The amount of territory to be worked by each distributor was determined by his financial capacity, his sales ability, and the number of Ford cars in his territory. There were big differences in the size

EXHIBIT C

RETURN CARD USED WITH MAILING FOLDER TO FORD OWNERS
(SEE EXHIBIT B)





Stephens Brakes and Gasignal
MUST MAKE GOOD,
OR WE WILL

R. STEPHENS CO., Dept. F
 26 to 28 N. Clinton Street
 Chicago, Ill.

PLACE
ONE CENT
STAMP
HERE

R. STEPHENS CO.

26 to 28 North Clinton St.,

CHICAGO, ILL.

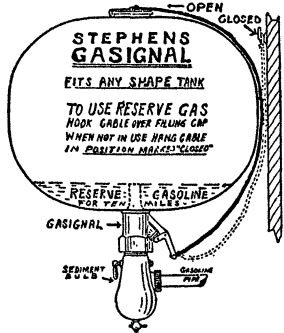
of the territories agreed upon. In some states relations were made with two or three distributors; in other states with only one. The three Pacific Coast states are being worked by one distributor who travels about sixty men out of his eight distributing centers in the territory. The Dominion of Canada is being worked out of Toronto by one distributor.

A distributor may or may not have had previous experience in the automotive business. Some men were picked who knew nothing

EXHIBIT C

REVERSE OF RETURN CARD WITH MAILING FOLDER TO FORD OWNERS
(SEE EXHIBIT B)

Ford Gas Tank with Gasignal in Position



STEPHENS GASIGNAL
FITS ANY SHAPE TANK
TO USE RESERVE GAS
HOOK CABLE OVER FILLING CAP
WHEN NOT IN USE HANG CABLE
IN POSITION MARKED "CLOSED"

Put Gasignal on your Ford
Never Get Stalled

GASIGNAL is the only satisfactory reserve valve for Fords — gives a positive warning when gas is low by cutting down the supply. After warning, open GASIGNAL and you can drive about 10 miles more. You don't have to remember to close GASIGNAL after use, it closes itself when you fill with gas—positive and automatic. No floats or delicate parts—nothing to get out of order.

EASY TO FIT—simply unscrew Sediment Bulb and screw GASIGNAL in; then screw Sediment Bulb into bottom of GASIGNAL as illustrated.

Fits all FORD Cars and Trucks **Only \$1.95**

To run out of gas may cost you four times as much and considerable inconvenience.
PLAY SAFE — ORDER YOUR GASIGNAL TODAY!

Tear off this coupon and mail at once.

Special Introductory Offer

One set Stephens Adjustable Brake Shoes and Gasignal in one package, \$7.00.
If ordered separately, Adjustable Brakes are \$5.50 and the Gasignal \$1.95.

TO R. STEPHENS CO., Chicago,

Date _____

GENTLEMEN: I accept your special offer, You may mail me,

Put X in square opposite to indicate your order.

☐ One Set Stephens Adjustable Brake Shoes.

☐ One Stephens Automatic GASIGNAL for Fords.

On delivery I will pay my mailman \$ _____

If not entirely satisfied after trial, I reserve the right to return the package within fourteen days after arrival, on receipt of which you are to immediately refund me the full purchase price on the terms of your guarantee.

NAME _____

ADDRESS _____

My Dealer is _____

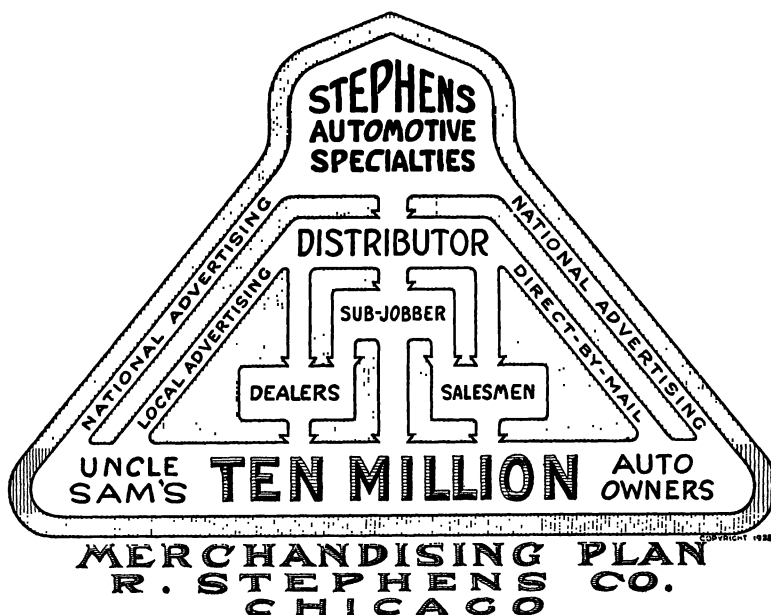
MAIL THIS CARD TODAY ONE CENT WELL SPENT

about the business but who had the other necessary qualifications, and in some cases they have proved to be excellent distributors. For example, a firm of grain and feed brokers are handling the state of Pennsylvania satisfactorily.

The usual method of securing a distributor is by visiting the territory and picking out the best man available. When the Company knows that a certain man in open territory is well qualified, negotia-

tions are opened by mail. If this man is interested, a representative of the Company visits him to close the deal. Sometimes a man is picked who is already handling an automotive product but who wants to handle another line. Unsolicited applications reach the Company for local agencies in open territories. If upon appointment, such local agents make a promising record, they are made territory distributors.

The requirements imposed on distributors are not burdensome (see Exhibit D, p. 105). Distributors are required to carry a stock



sufficiently large to meet the needs of their territories and in addition there is fixed by mutual consent a small quota based on the number of Ford cars in the territory. This quota must be met if they are to retain the exclusive selling rights.

The way in which these distributors function is shown in the accompanying diagram of merchandising policy.¹ The distributor is the only man in his territory with whom the Company deals. All orders, inquiries, etc., received from his territory are immediately

¹ Although there are probably not more than 5,000,000 Ford cars in use in the United States and Canada, 10,000,000 cars are mentioned in the diagram because of the Company's plans for adding other products which apply to all makes of car.

EXHIBIT D

CONFIRMATION OF CONTRACT WITH DISTRIBUTORS

UPPER HORWOOD LONDON	CABLE ADDRESS AJBRKSHU A. B. C. WESTERN UNION AND A1.0008	40 RUE BRUNEL . PARIS
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 STEPHENS ADJUSTABLE BRAKE SHOE "THE BRAKE THAT GRIPS THE EARTH"	R. STEPHENS CO. AUTOMOTIVE PRODUCTS DISCS • TOOLS • STAMPINGS 1152 WEST LAKE STREET CHICAGO	 THE BEST BRAKE FOR FORDS GIVES 100% WEAR AND POWER.
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9-14-22

OVER A QUARTER CENTURY AUTOMOBILE EXPERIENCE IS BEHIND EVERY STEPHENS AUTOMOTIVE PRODUCT

**DISTRIBUTOR'S AGREEMENT FOR SALE OF
STEPHENS ADJUSTABLE BRAKE SHOE**

Chandler & Lynn
1212 South Michigan Avenue
Cleveland, Ohio

Gentlemen:

It gives us pleasure to confirm your appointment as the Distributor of STEPHENS ADJUSTABLE BRAKE SHOES. Your Exclusive Territory, Monthly Quota, and Net Discounts are indicated at the bottom of this letter.

So long as you take from us each month the number of Brakes indicated as your Monthly Quota, we agree to sell no one else in your territory. The Quota becomes effective thirty days after the arrival of the first shipment, thus giving you considerable time for introductory work.

Your Discount is based on our published list price, f.o.b. Chicago, and all shipments are made either C.O.D., or Draft Attached to Bill-of-Lading.

You are not to sell, or offer for sale, our Brake in any other Territory than that named below without our written permission. Should you at any time find another Distributor selling our Brake in your Territory, you are to notify us and we will instruct him to discontinue this practice. Should he refuse to do so, so that his continued sales become obnoxious to your interests, we will cancel his contract and refuse to supply him with more Brakes.

We will turn over to you all orders or inquiries received from your Territory, will supply you with Advertising Material at half its actual cost, and will furnish you free such electros as are considered necessary for your local use.

1. Your Territory is _____
2. Your Monthly Quota is _____
3. Your Net Discount is _____

We wish you success, and assure you of every reasonable cooperation.

Yours for Record Breaking Sales
with the Record Breaking Brakes,
R. STEPHENS CO.

President

PWS:SEA



FIRST STEPHENS MOTOR CAR
DESIGNED & BUILT BY US IN 1891

No Distributor's Agreement is valid unless
signed by the President of the Company.



TEN MILLION SALES
MEDAL

referred to him and the Company so notifies the sender of the communication.

The jobber to whom the distributor sells is referred to in the diagram as a *sub-jobber*. This is to imply that the distributor may be a jobber. Many small jobbers buy from the larger ones and the use

of the term *sub-jobber* helps to break down resistance when trying to get a jobber to act as distributor. The chart connects the sub-jobber with the car owner direct because, though jobbers essentially sell at wholesale only, many have a retail department, and some have retail stores which they operate under a different trade name.

There is no ironclad policy under which a distributor must sell Stephens' products for the reason that no two distributors work under the same conditions nor have the same facilities. Distributors' views are considered in determining the policy best suited to their facilities. A distributor may sell the jobber, the dealer, or the car owner, or he may use two or more of these methods, providing it can be done without conflict. The distributor naturally adopts the method of distribution which will yield him the most profit.

In determining its scale of discounts the Stephens Company fell in with the following schedule which, with slight variations, is commonly used in merchandising automotive products:

	Per Cent
Distributor's discount	50 and 10
Jobber's discount	50
Dealer's discount:	
On small shipments	25
On large shipments	33 $\frac{1}{3}$

These discounts are based on the published retail price. Jobbers and dealers are usually allowed an additional 2 per cent for cash within ten days from date of invoice. All shipments which are made to the distributor are either draft attached to bill-of-lading or C.O.D.

Because of the big discount required by the jobber it is usually not possible for the distributor to make much profit by selling to him. This, together with the difficulties which are met in securing the jobber's interest, leads the distributor to the dealer and car owner. Because he is located in the territory where his sales are made, he is able to take care of the dealers without heavy traveling expense and is in a good position to handle their credit situation.

The distributor method of selling has been found fairly satisfactory. Many distributors make a good return upon the business transacted for the R. Stephens Company. Even those who fail to market the product successfully give the Company desirable publicity. One weakness in the plan is the fact that discounts must be large in selling to a representative who may wish to interest the jobbing trade.

G. Helping the Distributors

Selling the distributor by no means ends the problem, whether the distributor be an individual, a dealer, or a jobber. The regular dealer and the car owner must be reached, and the dealer is the point of chief interest. Unless he is sold on the product, puts it in stock, displays it in his store, and sells it to his customers, there is no chance to get repeat business. It is, therefore, necessary to help the distributors as much as possible. In the case of the jobber the problem is largely solved by giving his salesmen the necessary selling points, as they are already in touch with the dealers. If the distributor has no sales organization, the Company advises him concerning the plan best suited to his situation. On the basis of this advice he either employs salesmen, secures agents, does direct-by-mail and local advertising, or appoints sub-distributors. In the latter case an active dealer is often appointed and placed on a quota basis somewhat similar to that described above for the distributor. This usually works more satisfactorily than do agents because the dealer is already in touch with car owners who have confidence in him. Moreover, many motorists prefer to buy their products from a reputable dealer rather than from an unknown agent.

Both distributors and those to whom they sell are supported by the Company's advertising. On the request of any distributor the Company sends letters to Ford fleet owners or dealers. Advertisements are run in the leading motor publications used by Ford dealers and owners (see Exhibit E). The chief media are the *Ford Owner and Dealer*, the *American Automobile Digest*, and *Farm Mechanics*. No effort is made to carry on an elaborate advertising campaign.

In addition to the above, cuts are furnished free to distributors and dealers for local advertising and literature is supplied at 50 per cent below its actual cost. The Company's guaranty of satisfaction or money back with a set of standard Ford brake shoes free is printed on every carton. Colors and a good-sized picture of the product give this carton considerable display value (see Exhibit F, p. 109). Window cards are distributed in every box containing twenty-five sets of the brake shoes.

H. Results Attained

The chart of the sales of the Stephens brake shoe shows a steady upward curve, although the product was launched in this country during a period of serious business depression. The Company attrib-

EXHIBIT E

TYPICAL ADVERTISEMENTS IN AUTOMOBILE PUBLICATIONS

For Ford Cars and Trucks Distributors and Agents Wanted

Guarantee
If after 14 days trial you are not entirely satisfied with Stephens Adjustable Brake Shoes, return them. We will refund your full purchase price and give you a set of standard type brake shoes free.

Eliminates Chatter Fits Worn Drums. Saves Transmission Easy and Perfect Adjustment
R. STEPHENS CO. Makers of Stephens Gasignol Dept. 7, 28 N. Clinton Street, Chicago

Stephens Adjustable Brake Shoe

Not cheap, but good, and only \$5.50

Guarantee
If after 14 days trial you are not entirely satisfied with Stephens Adjustable Brake Shoes, return them. We will refund your full purchase price and give you a set of standard type brake shoes free.

Eliminates Chatter Fits Worn Drums Saves Transmission Perfect Adjustment
R. STEPHENS CO. w. Lake St. CHICAGO. 1152

EXHIBIT F
FACE OF CARTON



END OF CARTON

FITTING INSTRUCTIONS

To fit Stephens Adjustable Brake Shoes remove rear wheels, take out old shoes and support bolt. Put STEPHENS ADJUSTABLE SHOES in position with adjusting block flush with face of shoes as illustrated. Set hand lever in Clutch-Out position and by adjusting rods set the cam between operating end of brake shoe on the point of expanding shoes (NOT MORE), then replace wheels. The brake can then be adjusted by turning adjusting bolt anti-clockwise for tightening. We supply a special bolt, but no lock-nut. Use the nut off the old bolt.

R. STEPHENS CO.

utes its success to two things. First, the quality of the product. Every set of shoes sent out has been individually tested, and the dealers know when they sell a Stephens brakeshoe it stays sold. The second factor which the Company believes has contributed to its success is its merchandising policy.

I. Developing a New Channel—the Jobber-Distributor

Gratifying as results have been, the Company is now modifying its selling policy. This change is being made because of the difficulties experienced with distributors who are either too small to handle their territory or who have had inadequate experience in the automotive industry; also because the jobber is the logical channel through which to market such products as a brake shoe. The new policy makes it possible for the jobber to become the distributor, notwithstanding his aversion to specialty selling.

In approaching the jobbing trade with this new policy the Company first points out to the jobber the fact that his indifference to a new product which requires specialty selling has resulted in a new channel having been opened for the marketing of automotive products. This channel is the distributor. Distributors frequently become real competitors of the jobber. After the distributor has developed the product so that dealers are calling for it, the jobber either cannot secure it at all or must divide the manufacturer's discount with the distributor. When the jobber gets this point the Company expresses its desire to aid in eliminating the distributor and its willingness to replace its distributors with one exclusive jobber in a given territory. Such a jobber is offered distributors' discounts which are larger than those ordinarily given the jobber.

The jobber is usually interested up to this point, but when he thinks of his salesmen, the necessity of specialty selling, and the carrying of samples, his courage fails. Then comes the important feature of the new policy. The Company points out that although it would be impracticable to load a jobber's salesman with samples, this does not eliminate the possibility of his carrying one sample at a time. Say it takes thirty days for a salesman to make his round, the Company advises that he carry one sample of a new product on which the jobber has exclusive selling rights, each time he starts out. This will eliminate the distributor, will give the jobber the bigger discounts, will give his men an opportunity to build up a good demand for products they control exclusively and will also give the salesman something new to

show his trade. An additional advantage lies in the fact that a dealer who is not now purchasing from the jobber in question can be interested in a new product and thus become an easier prospect for the jobber's entire line. All this can be accomplished without burdening the salesman with many samples. This jobber-distributor policy promises to bring increasingly good results. It produces a favorable reaction among the trade, keeps the Company within approved channels of distribution and makes available good sales organizations. Several jobbers, including some of the largest and most reputable in the automotive industry, have already agreed to work with the Company under this new policy.

QUESTIONS AND PROBLEMS

1. Do you consider the procedure followed by R. Stephens Company in determining the best channel of distribution wasteful? Can you suggest any way in which the ultimate conclusion might have been reached sooner?
2. Can you suggest methods other than the one used by this Company for approaching the Ford Motor Company?
3. Do you see any reason to question the wisdom of the conclusion reached by R. Stephens Company that jobbers were not an available channel of distribution? If possible, put this question to an automobile accessory jobber.
4. Was R. Stephens Company justified in launching a mail campaign to jobbers on the basis of the representations of the A.E.A.?
5. Can you suggest any change in the letter to jobbers (Exhibit A) which might have increased its productiveness?
6. Do you agree that selling to authorized Ford dealers or independent dealers is not a satisfactory method of distribution for R. Stephens Company?
7. R. Stephens Company passed by the independent dealer without trying to sell him. Can you furnish any evidence to support this action?
8. Do you believe R. Stephens Company was right in abandoning its efforts to sell Ford owners direct? Do you see any reason to believe that the mail order method could be used profitably with Ford owners today?
9. Can you suggest any change in the mailing folder or return card used in the Ford owner campaign (Exhibits B and C) which might have increased their productiveness?
10. Re-work the mailing folder used in the Ford owner campaign (Exhibit B) to make it suitable for use by R. Stephens Company distributors.
11. What seem to you the chief merits and limitations of the exclusive territory distributor plan finally adopted by R. Stephens Company?

12. What seem to you the most significant points in the letter used by R. Stephens Company in making their contract with distributors? (See Exhibit D.) Would you make any changes in it? Would you favor using a formal contract in place of such a letter? Why?
13. Does the Company's present method of selling through distributors fail to give sufficient protection to any single type of accessory merchant?
14. In view of all the information given in this case, do you agree that R. Stephens Company is wise in attempting the jobber-distributor method of marketing?
15. What, in your judgment, should R. Stephens Company attempt to do at present through its advertising?
16. What is your judgment of the advertisements which R. Stephens Company has run in automobile publications? (See Exhibit E.)
17. Work up an original advertisement on the Stephens' brake shoe for use in *Ford Owner and Dealer* or *American Automobile Digest*.
18. In an attempt to develop distributors out of local agents in open territory R. Stephens Company proposes to send out the following letter to Ford owners. Would you O.K. it? If not, what changes would you make in it?

R. STEPHENS CO.

1152 West Lake St., Chicago

MR. FORD OWNER:—

By selling only five sets of our products a day an agent makes about \$90.00 per week. Some agents sell as many as ten Ford Owners a day.

We are now looking for Agents and Distributors for your State. You are one of a selected group of Ford Owners to whom this letter is going. From the first replies we shall pick our Agents.

Any applicant for the Agency can buy for trial one set of Brake Shoes and one GASIGNAL at agents' prices which are \$3.30 per set for Brake Shoes and \$1.00 each for Gasignal f.o.b. Chicago. After the trial shipment Agents take six at a time in one package. All shipments are C.O.D. The Brake Shoes sell for \$5.50 and Gasignal for \$3.50 so that Agents make a liberal profit.

What the Agent earns depends entirely upon his industry.

If you want to make some real money here is your chance.

Others are doing it—doctors, business men, salesmen, clerks, etc.—men and women—all making extra money during their spare time. You can do it too.

Simply fill out the form below and mail it today. Our guarantee protects you.

R. STEPHENS CO.

Order Form and Application for Agency

This form entitles you to from 1 to 6 sets of our products on Agents' terms.

R. STEPHENS CO.
1152 West Lake St.
Chicago, Illinois

Date _____

GENTLEMEN:

Please send me the following C.O.D.

_____ sets Stephens Adjustable Brake Shoes at \$3.30 per set.

_____ Stephens Automatic Gasignal _____ at \$1.00 each.

It is understood in placing this order that I am to receive the exclusive representation for these products in my territory which is _____ provided I am the first to send from this district an order for six sets of your products and provided my references given below are satisfactory.

It is a further condition that if the exclusive representation is given to me, it is to be mine as long as I send orders to you regularly and continue to sell your products in my territory.

Signed _____

Address _____

References:—

(1) _____

(2) _____

(Tear off this form and mail today)

19. In addition to the brake shoe R. Stephens Company sells a simple, inconspicuous and readily attached device for Ford cars, known as GASIGNAL. This device protects the driver against his own forgetfulness by assuring him a reserve supply of gasoline. At present GASIGNAL is being marketed through the same channels as the brake shoe, but the sales volume is not satisfactory. The Company is sure the difficulty is not with the product. Do you recommend a change in the method of distribution? Justify your position.
20. What lines of expansion would you suggest for R. Stephens Company? What effect would these additional products or activities have on its system of distribution?